

Message Text

CONFIDENTIAL

PAGE 01 STATE 051520

66

ORIGIN EB-07

INFO OCT-01 EA-06 ISO-00 AGR-05 L-02 /021 R

DRAFTED BY EB/FTD:AJWILLIAMS:HM

APPROVED BY EA:LEDMOND

EA/TB - GROBERTS

USDA - GRATHELL

DESIRED DISTRIBUTION

EA/TB, USDA

----- 076142

P 072101Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY BANGKOK PRIORITY

INFO AMEMBASSY MANILA PRIORITY

AMEMBASSY TAIPEI

AMEMBASSY SEOUL

C O N F I D E N T I A L STATE 051520

E.O. 11652: GDS

TAGS: EAGR, EFIN, RP, TW, TH, KS

SUBJECT: COTTON CONTRACTS

REF: A. BANGKOK 3327 B. STATE 39712

1. WE HAVE DISCUSSED PROBLEM OUTLINED PARAS 2-4 REFTL (A) WITH U.S. SHIPPER'S REPRESENTATIVES. THEY HAD ALSO HEARD THESE RUMORS, AND ARE NOW INVESTIGATING THEM. CHANG HAS DENIED TO U.S. SHIPPERS FOR WHOM HE WORKS THAT HE KNOWS ANYTHING ABOUT THE DUMMY COMPANIES, BUT SHIPPERS BELIEVE IT POSSIBLE THAT HE IS LYING. IF EMBASSY BANGKOK OBTAINS ANY ADDITIONAL DETAILS, WE WOULD APPRECIATE RECEIVING SAME.

WE WILL CONTINUE TO REPORT TO YOU ANY INFORMATION WHICH WE RECEIVE ON THIS MATTER.

2. IN ORDER TO DEAL WITH PROBLEMS SUCH AS THIS ONE, U.S. COTTON SHIPPERS HAVE FORMED AN ORGANIZATION UNDER THE WEBB-POMERENE ACT, CALLED THE AMERICAN COTTON EXPORTERS ASSOCIATION (ACEA), WHICH INCLUDES BOTH THE PRIVATE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 051520

SHIPPERS AND THE COTTON COOPERATIVES.

3. IT MAY BE DIFFICULT TO PREVENT "NEW SALES" OF COTTON TO MILLS IN THE FOUR COUNTRIES CONCERNED. DISCIPLINE IN SHIPPERS' ORGANIZATIONS IS NEVER EASY TO ENFORCE, PARTICULARLY WITH SUCH LARGE SUMS OF MONEY INVOLVED. IN ADDITION, NEW SALES ARE UNDESIRABLE ONLY WHEN THEY ARE

USED BY THE MILL TO REPLACE MORE EXPENSIVE COTTON BOUGHT UNDER CONTRACTS WHICH THE MILL IS NOT HONORING - AND IT IS NOT ALWAYS EASY TO DETERMINE IF THIS IS THE CASE.

4. ACEA IS CURRENTLY ATTEMPTING TO PREVENT NEW SALES TO MILLS IN DEFAULT BY CIRCULATING A LIST OF ALL MILLS NOT HONORING CONTRACTS. IF A U.S. SHIPPER IS KNOWN TO HAVE MADE A NEW SALE TO A MILL IN DEFAULT, PRESSURE WILL BE BROUGHT TO BEAR BY THE SHIPPERS ON BOTH SELLER AND BUYER. WE DO NOT KNOW IF THIS PROCEDURE WILL WORK, BUT WE ARE CONVINCED THAT THE SHIPPERS' ORGANIZATIONS ARE MAKING A CONCERTED EFFORT TO CONTROL NEW SALES TO DELINQUENT MILLS. THEY ARE FULLY AWARE THAT SUCH NEW SALES UNDERCUT OUR ATTEMPTS TO SOLVE THE PROBLEM.

5. WE ARE INVESTIGATING SITUATION DESCRIBED PARA 6 (B) REFTEL (A) AND WILL REPORT RESULTS AS SOON AS POSSIBLE.

6. REFTEL (B) PROVIDES SUMMARY OF COTTON SHIPPERS STATISTICS FOR FEBRUARY REFERRED TO IN PARA 7 OF REFTEL (A).

7. SHIPPERS REPRESENTATIVES TELL US THAT LEGAL ACTION REFERRED TO IN PARA 8 OF REFTEL (A) WAS INITIATED SOME TIME AGO, PROBABLY BY WIEL BROTHERS. SINCE ABSENCE OF GOVERNMENT LIMITS POSSIBILITY OF OVERALL SOLUTION, SEVERAL SHIPPERS ARE AGAIN CONSIDERING LEGAL RECOURSE. WHEN ASKED OUR ADVICE, WE EXPLAINED THAT THIS DECISION MUST BE MADE BY SHIPPERS, AND WE HAVE NEITHER ENCOURAGED NOR DISCOURAGED THIS COURSE OF ACTION.

8. WE APPRECIATE EMBASSY'S CONTINUED EFFORTS, DESCRIBED PARA 5 REFTEL (A), TO OBTAIN COOPERATION FROM RTG. IT IS CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 051520

OBVIOUS IN CURRENT POLITICAL AND ECONOMIC CONTEXT THAT SUCH COOPERATION IS NOT GOING TO BE READILY FORTHCOMING. HOWEVER, WE INTEND TO KEEP ISSUE OPEN IN THAILAND WHILE SOLUTIONS ARE BEING ACTIVELY PURSUED IN KOREA, TAIWAN AND THE PHILIPPINES. IF WE ARE ABLE TO RESOLVE PROBLEM IN THOSE COUNTRIES WITHOUT UNDUE DELAY, WE BELIEVE WE WILL BE IN A STRONGER POSITION TO DEAL WITH THAIS, ASSUMING THAT "NEW SALES" ARE KEPT UNDER CONTROL. INGERSOLL

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COTTON, CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE051520
Document Source: CORE
Document Unique ID: 00
Drafter: AJWILLIAMS:HM
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750081-0011
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750371/aaaacivi.tel
Line Count: 115
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 BANGKOK 3327, 75 STATE 39712
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 16 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 JUL 2003 by ShawDG>; APPROVED <18 NOV 2003 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COTTON CONTRACTS
TAGS: EAGR, EFIN, RP, TW, TH, KS, US
To: BANGKOK
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006